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# **Re-thinking the Ethics of Inclusive Innovation**

Jonathan Kimmitt, Newcastle University  
Pablo Munoz, University of Leeds

## **How Inclusive is Inclusive Innovation?**

In tackling social and economic inequality social entrepreneurship, inclusive innovation and the subsequent flow of inclusive growth are widely considered as a principal goal for business and public policy. Inclusive innovation refers to “the development and implementation of new ideas which aspire to create opportunities that enhance social and economic wellbeing for disenfranchised members of society” (George et al. 2012:663). It is both a process and an outcome practiced and produced by socially-driven firms, governments, NGOs and, in particular, social entrepreneurs. Such actors seek to diminish social disparities by means of developing and introducing into markets at the bottom of the pyramid a new good or a new quality of a good, a new method of production, a new market, a new source of supply, or a new organizational structure. The overall aim of inclusive innovation is to enhance the social and economic wellbeing of disenfranchised members of society. Ultimately, it is an entrepreneurial response to the fact that many top-down policy interventions, have failed to deliver the envisioned economic development in resource-limited settings (George et al. 2012).

In this area, discussion has considered how developing economies provide rich opportunities for large firms to market their products in a profitable yet inclusive way as a method of poverty alleviation (Prahalad, 2005; London and Hart 2004). The latter entails the concurrent pursuit of profit and social welfare by creating markets for the poor (Ansari et al. 2011). Other areas of thought consider how to mobilise more effectively the entrepreneurial population in developing economies by providing financial services to the poor (Yunus, 1999) or through legal reform (De Soto, 2001). Thus, inclusivity is conceived to emerge by

allowing individuals at the bottom of the pyramid to participate more effectively in market exchange.

However, absent from the discussion on inclusive innovation is the logic and ethics of the practice of providing innovative solutions to disadvantaged communities. The current literature seems to operate on the assumption that actions of social entrepreneurs aimed at providing inclusive innovation are morally and ethically neutral because they promote inclusiveness, but limited attention has been paid to the idea that “morally neutral approaches to poverty do not exist” (Easterly, 2014, p.6). Indeed, Zahra et al. (2009, p.529) suggest that such entrepreneurial efforts may: “intensify and perpetuate social tensions, conflicts and acrimony rather than [create] harmony and prosperity”. However, we know very little about such endeavours even though it would appear to have profound implications for understanding both the process and outcome of inclusive innovations adopted by social entrepreneurs.

Let us illustrate our argument. Roundabout Water Solutions is a South African registered non-profit that provides water pumps for African rural communities. The solution is based on PlayPumps, which are pieces of playground equipment at a school that provides the children with a constructive and rewarding way to use their energy, and as they do so water is pumped from the ground for storage in an elevated tank. The promise is that happy, playing children will solve problems of access to safe, clean water.

Populating Africa with more than 4.000 PlayPumps by 2010 was an appealing idea, attracting millions of dollars in government and private aid. They would ultimately bring the "benefit of clean drinking water to up to 10 million people". In 2006, the United States President's Emergency Plan for Aids Relief launched a \$60 million public-private partnership with PlayPumps International, with \$10 million to directly come from the US government. PlayPumps has also received donations and endorsements from celebrities, politicians, large

corporations, cooperatives and NGOs.

Daily water requirement is 15 litres per person which, based on the pump's capacity, would require children to be playing "merry-go-round" non-stop for 27 hours in every day to meet the 10 million target. Far from solving Africa's water problems, Roundabout Water Solutions would only provide the bare minimum water requirements for about 200 people a day based on two hours of constant merry-go-round, every day (Borland, 2011).

PlayPumps were too expensive, too complex for local operation and maintenance, over-reliant on child labor with a high risk of injury, and based on incorrect water demand estimations. In addition, children's high spirits to drive the merry-go-round may not be available at times of water demand. Conventional wells with hand pumps costs a quarter of a Playpump, experts from water NGOs emphasize that there are far cheaper and more sustainable ways of providing water without using Playpumps, which raises questions over the project's viability. There are well-grounded concerns about the current state of the aid industry, because these Initiatives end up being perceived as marketing stunts or just well-intended, poorly-developed solutions.

There are "millions of US dollars wasted" on this project, and this is frustrating for those involved in bringing clear water to Africa. Corruption, poor knowledge of local conditions, inadequate business models, lack of involvement of local communities, overpromises, and inefficient technologies are diminishing the possibilities for Africans to overcome their circumstances. However, everyone seems to believe that these inclusive feel-good technologies and business are actually creating positive changes. "If anyone ever told the truth, no one would give water charities and NGOs anything", emphasizes a local representative.

This is the conundrum many charities and NGOs find themselves in. They can remain

silent and watch funds wasted in impressive quantities, or expose the waste and risk damaging charitable giving to the sector as a whole. Currently, there are 375 thousand water pumps in Africa; nearly half of these have been abandoned due to poor maintenance or poor construction. It seems that the solution is not about aid, but about appropriate allocation of resources and capability development. The aid industry has been increasingly driven by market forces, a trend accelerated by an growing inclination for the private sector to profit from charitable giving. As a result, more appropriate, place-sensitive, truly inclusive and sustainable initiatives are stuck in the process due to these structural absurdities.

Drawing from the work of Sen (1999), this paper sets out to examine this moral space through a lens of social justice, which invites a re-thinking the ethics of inclusive innovation. We argue that the current thoughts around the practices of social entrepreneurship and inclusive innovation need to be considered in respect of their relationship with varying theories of social justice and that truly inclusive innovation must be cognizant of this in understanding its determinants, processes and outcomes.

### **The Capabilities Approach**

The capabilities approach is a concept rooted in development economics with a specific focus on understanding human development and action in non-monetary terms. Some elements of the approach derive from the works of Aristotle and Karl Marx (Nussbaum 1988) but it has been pioneered in its contemporary form by Amartya Sen (1999) and Martha Nussbaum (2000) and an increasing number of scholars throughout a multitude of disciplines (Alkire 2002; Anand et al. 2005; Robeyns 2003). It is an opportunity-based theory of inequality which focuses on the relative choices that individuals have (or do not have) at their disposal (Robeyns 2005b). As opposed to the traditional economic roots of entrepreneurship research, it is grounded in development and welfare economics and challenges the basic school of thought concerning the role of the market mechanism (Sen 1999).

For decades, promoting economic growth in the world's poorest nations has been at the forefront of the international community's development agenda. However, measuring development has remained a challenge and has been dogmatized by the view that it is appropriate to purely focus analysis on poverty using monetary indicators. Indicators such as GDP reflect an outcome measure of development and are a rough proxy for welfare but they lack the ability to sufficiently tap into what causes low income and is therefore largely ineffective in terms of policy development (Robeyns 2005a; Stiglitz 1998). As such, there is a growing consensus that poverty is not necessarily about a lack of income but it should focus on what people are substantively able to achieve within society (Reddy 2003; Robeyns 2005a).

The capabilities approach does not ignore the role of income and resources; rather it sees resources as instruments in the enhancement of human freedom (Dreze 2002). The central thesis of the approach focuses on the substantive freedoms of a person which they have reason to value and are relevant in developing a person's opportunity to pursue valuable outcomes i.e. the substantive freedoms of an individual reflects their overall capabilities (Nussbaum 2000; Sen 1999). The capabilities perspective places individual freedom at the forefront of economic analysis by emphasizing that the denial of these freedoms leads to major failings in what entrepreneurship can contribute to economic development (Sen 1999).

**Acknowledging Human Diversity.** The philosophical basis for the approach is to acknowledge the diversity of human beings and the variety of contexts within which they lead their lives. The CA argues that mainstream economic theory is based on the very narrow homo-economicus, a utility-maximizing approach, whereby the efficiency of the market mechanism is brought about by the self-interest of rational decision-making economic actors (Ansari et al. 2012; Baker et al. 2005; Giovanola 2009; Robeyns 2005b). For Sen (1985), individual choice can be motivated by a series of factors beyond pure utility. For Sen (1999)

the assumption of the utilitarian approach to economics is a crucial error because it avoids the very rationale for markets – analysis should concern how freely one is capable of participating within it.

The capabilities approach circumvents this assumption of individual choice by concentrating on capabilities because it changes the focus from whether individuals act in self-interest, instead focusing on the availability of freedom of choice (whether it is in self-interest or not). It brings the role of social circumstance into the foreground by reasoning that social and institutional context affect capabilities directly (Robeyns 2005). It argues that any form of economic analysis must take into the account the plurality and diversity of human lives and understand the merits of the available options open to an individual, by focusing on the informational basis for economic choices (Alkire 2005). The capabilities approach rejects narrow conceptions of economic phenomena by focusing on the real opportunities people have in society and the process by which they go about achieving their aims. Process in this approach refers to (Sen 1993, 522) *'having the levers of control in one's own hands'* and *'is concerned with the procedure of free decision by oneself.'* This approach deals with the potential opportunities to choose a certain course of action whereas process handles whether or not there was autonomous choice along this path.

**Determinants.** How do social entrepreneurs determine what is and what is not a pertinent social problem? On the surface, social problems seem self-evident, but at its core is a value based judgment by an individual/organisation on behalf of another group of persons. Social entrepreneurs articulating inclusive innovations hold varying views about the world that they bring to bear in the consideration of a particular social problem, which, as one can expect, will differ from the view of the actual owner of that social problem. The analysis of such problems involves how individuals frame that situation with respect to their normative decision-making frameworks (Alkire et. al., 2009). Most social entrepreneurs are external actors making judgements about the social condition of the disfranchised and elaborate solutions according to such judgement. This leads to a removal of the ownership of the problem, and of any possible solution capable of solving that problem. This has been the pervasive challenge of social entrepreneurs which propose a particular way of doing things rather than putting the problems (and therefore solutions) in the hands of those people. Solutions can be theorized by problem-solvers in distinct ways according to their respective informational bases and the plurality of perceptions regarding human flourishing and the elimination of poverty.

Underlying this discussion is the notion of social justice. Broadly defined, it refers to consideration of “how the good and bad things in life should be distributed amongst the members of a society” (Miller, 1999, p.1). Individuals and organisations involved in tackling inequality have typically used ‘evaluative systems’ which are rooted in varying social justice theories which represent a “plurality of unbiased principles” that can “have quite distinct manifestations” (Sen, 1999:13). The evaluative systems that shape analysis and decision-making are determined by their informational base which may or may not be particularly adequate given the serious flaws of standard theories of social ethics and justice (Sen, 1999). We argue that the determinants of social entrepreneurship and inclusive innovations must be



considered within this justice and ethics framework.

In examining the ethics of inclusive innovation we will turn our attention to Sen's (1999; 2009) parables about the plurality of unbiased principles. A socially-driven organisation is engaged in work that involves taking disadvantaged members of a community into their workforce. However, there is only one opportunity available but three potential employees. The first person has spent numerous years unemployed and is the poorest of the three. The second person has a similar unemployment story and is undeniably poor but they demonstrate more obvious psychological distress at this scenario. For the third person, it is harder to judge; they are still poor but seem happy despite their lack of income. However, the money from a job opportunity would give them the ability to pay for medicine to be rid of an ongoing illness.

These three scenarios all require judgment calls according to the problem's respective information bases. If the first person is selected, the social entrepreneur works from the principle that helping the financially poorest is the right thing to do. Therefore, it represents an egalitarian approach to justice based on the claim that people are equals in a moral sense (Dworkins, 2002). By giving the unemployed worker a job they are granted greater income-equality. In the second case, the social entrepreneur has to take a utilitarian based on a psychological metric of expanding the most happiness and pleasure for the most people (Bentham & Bowring, 1843). In the third case, the social entrepreneur sees two scenarios in their evaluative space: (1) the set of realized functionings of a person – reflecting the various things a person may value doing or being (Sen, 1987) and; (2) capabilities – their substantive freedom to achieve these functionings. The important consideration here is how social entrepreneurship and inclusive innovation are articulated to reflect capabilities.

To date, the discussion around inclusive innovation appears to be principally focused in the first two evaluative spaces. At the core of this is connecting “disenfranchised individuals

and communities [which] diminishes trade-offs between growth and inequality because the poor become enfranchised as customers, employees, owners', suppliers and community members" (George et al. 2012, p.662). Therefore, the evaluative space for inclusive innovation appears to be rooted in an egalitarian theory of social justice – stipulating the importance of inequality. Further, the enfranchisement of individuals brings into consideration utilitarian psychological concepts. For example, financial interventions in the microfinance industry have stressed the importance of empowerment as an outcome (Swain & Wallentin, 2009). In light of the inherent limitations of these approaches, we emphasize the need for further exploration of the ethics of inclusive innovation, which calls for a departure from the notion that social justice is perfectly just towards an approach that enables disadvantaged communities to identify and own their circumstances and, consequently, any possible solution aimed at overcoming or improving such circumstances.

### **Realization process: Capabilities Approach to Inclusive Innovation**

Sen (2009) extends his position by offering a critique of Rawls' (1971) classic social contract tradition where justice is understood as the outcome of mutual advantage. Rawls' sought to answer the question of how society can be organized in a way that fairness is acceptable to all of its members. Therefore, it seeks to understand a system of social cooperation in which political and social institutions fit together in a manner that adheres to a series of primary goods – basic rights, liberties, freedoms, income and wealth, amongst other (Rawls, 1999). Building upon this, Sen (2009) delineates two forms of social justice; arrangement and realization focused perspectives. In this view, the arrangement focused perspective pertains to a view of social justice that is perfectly just. It considers the potential (and dreams about its achievement) for complete 'fairness'. Challenging Rawls' (1971) theory of justice, Sen (2009) describes this position as 'transcendental institutionalism' which "concentrates its

attention on what it identifies as perfect justice, rather than on relative comparisons of justice and injustice” with an approach that “concentrates primarily on getting the institutions right” (p.5-6). However, this search for perfection has limited real-world application because it has no focus on “the actual societies that would ultimately emerge” or the “actual behaviours of people and their social interactions” (p.6).

Sen proceeds to highlight the abolition of slavery as an example of the perspectives highlighted above and the limitations of the arrangement perspective. The abolition of slavery did not occur as a result of pressure to make the world impeccably just. Rather, it involved the identification of an unbearable injustice from a number of individuals that made it an overwhelming priority. The above distinction provides the basis for our argument, in that social problems that inclusive innovations seek to solve are derived from actors seeking to re-arrange institutions or supported by already emergent grassroots problem solvers. In Sen’s example, the movement to abolish slavery had gained critical mass socially and politically which gave grounds for the gradual correction of mass injustice. However, slaves and other members of the movement did not see this as something which would make the world perfectly just but rather as the removal of one particular injustice. Thus, the value judgment to remove a particular injustice was emergent and defined endogenously by a series of actors pressing for social change.

The education sector in developing countries is particularly pertinent example of the arguments put forward in this paper. Access to education has been argued to be one of the major social challenges of the twenty-first century and is at the heart of the United Nation’s Millennium Development Goals (MDGs). Since the establishment of the MDGs, there has been a large international push for access to primary education with this promise being 90% fulfilled but with 57 million children with no access (United Nations, 2011). The result of this international consensus, manifested in the education MDG, is the emergence of numerous

organisations, including social enterprises, focused on solving this problem.

However, if one were to reflect upon the historical roots of this particular debate, we can see some interesting parallels that resonate with today's mission to right this ill. In their extensive work, Tooley and Dixon (2009; 2013) have charted the development of the education sector since the MDG push, charting the sectors heritage as a key determinant of how we should consider today's educational debate. In India, the education model was implemented by British colonialists for a supposedly superior schooling system. This led to what Mahatma Ghandi (1931, p.728) described, in a speech at Chatman House, as the uprooting of India's 'beautiful tree'; an indigenous non-standardised system rooting in community and family:

I say without fear of my figures being challenged successfully, that to-day India is more illiterate than it was fifty or a hundred years ago, and so is Burma, because the British administrators, when they came to India, instead of taking hold of things as they were, began to root them out. They scratched the soil and began to look at the root, and left the root like that, and the beautiful tree perished. The village schools were not good enough for the British administrator, so he came out with his programme. Every school must have so much paraphernalia, building, and so forth

The key point here is how British administrators formerly considered India's educational social challenge, by ripping out the heart of the existing system rather than building upon it. It is with this basic distinction that the principal ethical challenge facing aspiring social entrepreneurs emerges; the extent to which a feedback system is present and the nature of the feedback that social innovations are able to gather.

The independence of much of the developing world has also been coupled with development benevolence instigated by Western democracies through bilateral aid programmes (Sachs, 2005) and non-governmental organisations providing social services (Fowler, 2000). Despite the significant political attention given to such an issue, prior research consistently highlights the failure of government-driven initiatives (Aggarwal, 2001;

Kingdon, 2007), which has created a localised entrepreneurial response to the quality of education provision (Tooley, 2007). Indeed, recent trends have demonstrated an explosion in demand for the low-cost sector (Woodhead, Frost, & James, 2013), due to a continuing decline in the standards of government provisions where teacher absenteeism is widespread (Härmä, 2011; Pal, 2010), and through the ability of private institutions to be more flexible and offer in-demand services such as English-medium teaching (Kingdon, 1996). The phrase ‘mushrooming’ of low-cost private schools tells the story of an almost overwhelming level of demand in the education sector. In an arrangement focused model of development, social problems are externally defined and solutions are applied through social innovation. In a realization focused model, social problems are defined locally, perhaps using market principles, and they draw from the local system to solve that problem.

For inclusive innovators, social problems are considered to be a consequence of market-failure (McMullen, 2011), whereby market arrangements (formal and informal) do not optimally provide efficient outcomes for individuals (Khanna & Palepu, 2000). For example, McMullen (2011) describes the need for institutional change in view of the idea that current micro-development efforts (e.g. microfinance) have failed to transform political and economic institutions. As a result, efforts to address poverty through inclusive innovations have been focused on circumventing institutional challenges – correcting market failure – despite arguments that government failure is the principal cause (McMullen, 2011).

In Sen’s critique of justice, this type of activity rests on a consideration of justice that views the correction of institutions as necessary towards ailing social problems. “In general, the institutions have to be chosen not only in line with the nature of the society in question, but also co-dependently on the actual behaviour patterns that can be expected if – and even after – a political conception of justice is accepted by all” (Sen, 2009:69). In this social justice framework, we propose that the value-laden judgments of inclusive innovators is

likely to be inconsistent in creating morally just outcomes when social entrepreneurs look to merely correct or circumvent institutions without taking into account the expected behavioural patterns that can be expected of individuals.

As such, there exists a crucial question about how particular institutions would work in a world where entrepreneurial behaviour may not be identified as reasonable to that institutional setting. If social problems should not be defined by market failure then what is a better approach? In the realization focused perspective highlighted earlier there is a focus on the actual behaviour of people and their interactions. It is therefore interrelated with Sen's (1999) classic conception of capabilities; rooted in development economics with a specific focus on understanding human development processes and opportunities.

A comprehensive appreciation of this approach necessitates acknowledgement of freedom in both process and opportunity (Sen, 2002). "The view of freedom that is being taken here involves both the processes that allow freedom of actions and decisions, and the actual opportunities that people have, given their personal and social circumstances." (Sen, 1999, 17). In his critique of mainstream economics, he argues that too much emphasis is placed upon culmination outcomes – the final efficient outcomes of the economic system. He argues that there must be more focus on comprehensive outcomes – the processes through which culmination outcomes occur. Thus, capabilities allows for an understanding of the opportunities an individual has with regards to achieving things they can and do value (Sen 1993).

In Sen's framework, functionings pertain to fundamental activities that make up a person's well-being such as health, security and education and emphasises what individuals are free to do – the choices that are open to them (Alkire 2005). However, functionings and capabilities are interrelated terms but they are distinct. *"A functioning is an achievement, whereas a capability is the ability to achieve... Capabilities, in contrast, are notions of*

freedom, in the positive sense: what real opportunities you have regarding the life you may *lead*.” (Sen, 1987: 36). Sen originally emphasised this distinction by referring to two persons who were seriously malnourished. The first person is on hunger strike but the second is a victim of a famine. Both persons essentially have the same functionings but their capabilities (i.e. right to choose freely) are very different. We propose that a capabilities approach is critical to reconsidering the evaluative space of inclusive innovation by providing an information basis that places the ownership of social problems in the hands of disadvantaged communities. We postulate that the morally contestable nature of inclusive innovation is determined by the varying theories of social justice that accompany them. Thus, inclusive innovations depend on realization focused perspectives that place local realities and individual capabilities as a central focus of enhancing social and economic well-being.

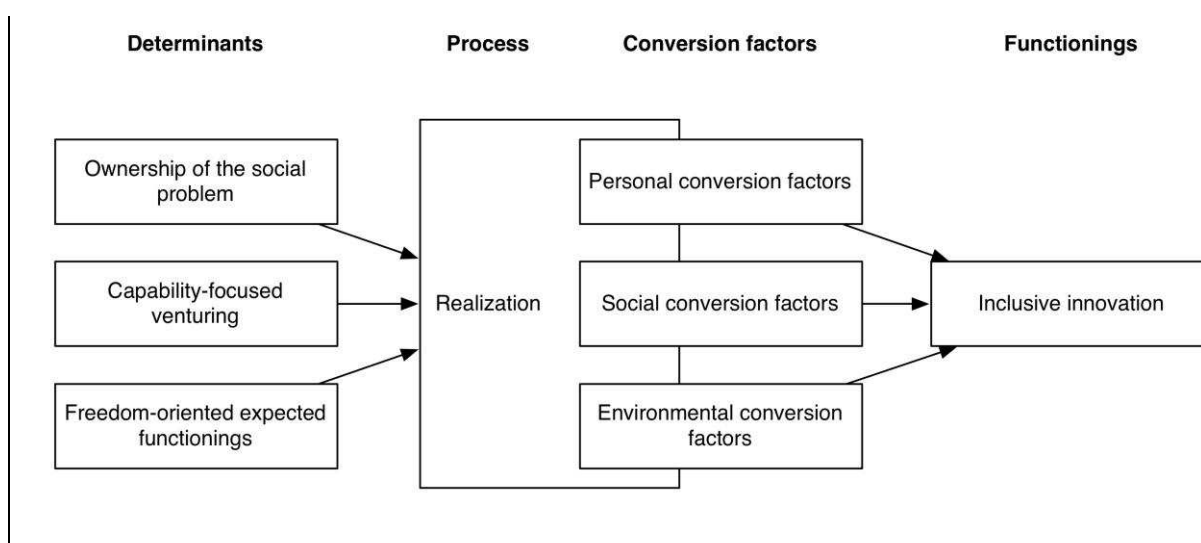
### **Conversion Factors**

This section will develop upon what Sen (1992) describes as conversion factors. Conversion factors help to explain the heterogeneities in circumstances which reflect the real opportunities open to an individual. The purpose of conversion factors is that it is insufficient to know people’s means, we need to know much more about the variety of circumstances to understand what they are able to accomplish with those means, such as goods and services, which defines their capability set. As Robeyns describes (2005), we would not be interested in a bike because of its shape and colour but because it can take us places we may want to go but where we want to go is affected by conversion factors. Conversion factors refer to variations in how a particular set of means form a capability set that is tied to achieved functionings (Hick 2012). The process is determined by three central conversion factors a) Personal; b) Social and; c) Environmental (Robeyns 2005). Although analysis should not discount the role of income as an input, it should be reconceptualised to consider how it helps enrich freedom to achieve functionings (Dreze 2002). Overall, these factors comprise an

individual's capability set and influence the choices that are available to them.

Thus, goods and services are thought of in terms of how they can contribute to achieved functionings, not necessarily how they can be exchanged for income or money. For personal conversion factors, if an individual is restricted by some internal factors (e.g. physical condition, reading skills, intelligence and so forth) then what goods and services can achieve will be limited in scope and have limited help in enabling a functioning. For social and environmental conversion factors, the result of social norms or geographical location will restrict what the functionings that can be achieved. Our contestation here is that the process of inclusive innovation requires an acknowledgment of the various personal, social and environmental conversion factors that could remove local ownership of the problem. We depict these ideas in Figure 1.

**Figure 1. A capability-based model for inclusive innovation**



### **An equitable, inclusive forestry model for subsistence markets**

Survival in rural areas of Panama is a complex issue. Small farmers and indigenous communities depend on what the forest is capable of generating, focusing mainly on livestock, agriculture and logging and burning trees. Despite the efforts of communities to



maintain natural capital, farmers and indigenous tribes have required to deforest the native rainforest to survive, creating major losses in biodiversity over the years.

In addition, competition for land for tree monocultures and industrial agriculture has intensified in recent years. Large forest and agricultural projects achieve higher productivity of land and are able to create greater economic value. In Panama, most forestry companies teak plants operating in large monoculture plantations. Teak is one of the most valuable woods in the world, but the cultivation of this species of tree is detrimental to the local ecology, as the trees growing as a "crop" monocultures typically require heavy chemical inputs to control pests.

These projects, besides being questionable for their impact on the environment, reduce the amount of arable land available for small farmers, which encourages settlements of rural farmers increasingly intern in the rainforest in search of arable land . In short, the current model of large agricultural and forestry projects produce few benefits to local communities and encourages tropical deforestation and rural poverty.

Keeping the forests without human intervention is important for anyone working in conservation arena, but it is different for those who depend on natural resources for survival. Any mode of settlement must consider the needs of environmental protection and at the same time ensuring the economic survival of communities. Unfortunately, aid programs of nongovernmental organizations (NGOs) have failed to address these challenges and local governments are caught in the dilemma of development.

Damion Croston, Andrew Parrucci and Andrew Wulf witnessed this situation in 2002 while volunteering for the Peace Corps in Panama. They worked and lived with small farmers and indigenous communities, who needed to exploit the native forest to survive. They realized that the problems of the community were intractable and it was extremely complex

to find a single, inclusive solution to the deforestation/poverty dilemma. Protecting the environment would necessarily affect the ability of communities to meet their basic needs, as they are simply trying to meet their financial and social needs.

By 2006, they had to decide to either keep trying to protect the forest from the world of NGOs, with consequences for communities; or try and build a business capable of protecting the environment and improving the capabilities of local farmers. In response to this challenge, they founded Planting Empowerment, a forestry company whose objective is to practice forestry profitably while simultaneously generating social and environmental benefits. It focuses on empowering rural communities in Panama by lending sustainable natural resources. The firm grew from the experience of the founding team and the understanding that it is possible to build businesses out of such complex problems and resolve the dilemma between livelihoods and conservation. Following this idea, they elaborated a model to develop profitable agroforestry projects that promote land tenure, sustainable farming of a mixture of native tropical forests and species for subsistence.

Planting Empowerment's conceptual framework is called "Equity Forestry Model". This approach to sustainable agriculture was developed to fight the problems of Panamanian rural communities. It is a "bottom-up" scalable model aimed at mitigating tropical deforestation. First, Planting Empowerment raise capital in the developed world through long-term investment in forestry projects in subsistence markets countries. With this investment Planting Empowerment rents the land from small farmers and indigenous communities to reshape agriculture from monoculture to a mixture of native forest.

This lease provides a steady income to farmers, therefore, they no longer have to exploit the forest for their livelihood. Moreover, given that the ownership of the land remains in the hands of small farmers, they are trained and involved in sustainable forest production. Local knowledge is brought in to deal with plagues and other diseases affecting teak

plantations. Because it draws on long-term investments and local engagement, the lease/restore/capacity building model can easily escalate to actually manage thousands of hectares of agroforestry projects in Latin America.

Regenerating the land and forest takes time, but this form of farming generates, in the long run, greater economic returns, since the diversity of species can grow trees of greater value. Planting Empowerment gets involved in the commercialization of the species and, therefore, in the generated income. Investors receive their money back plus interest and at the same time, help preserve ecosystems and bring rural communities out of poverty. Ultimately, Planting Empowerment buys time to restore the environment, build local capacity and generate a sustainable economic model for small farming communities.

The opportunity behind the model and agroforestry projects stems directly from persisting socio-ecological facing Panamanian communities. It managed to transform a complex situation in a constant income for rural farmers, while promoting reforestation and biodiversity. The founders believe that, through impact investments in sustainable agriculture, they can mitigate large scale tropical deforestation. Since the causes of tropical deforestation are so many and the business cannot solve them all, Planting Empowerment and their investors are focused on reducing tropical deforestation from small-scale agriculture and livestock Activities. These inclusive projects help regenerate degraded land, while generating sustainable benefits for both local communities, the natural environment and the founding team.

## **Looking ahead**

From an ethics point of view, inclusiveness in entrepreneurship and innovation requires a full consideration of the moral space in which judgement and decisions regarding social problems

and socially-oriented solutions are elaborated. By revisiting the determinants, processes and outcomes of inclusive innovation, we seek to elaborate an alternative framework that departs from the search for perfect justice through tackling market failures. Our framework draws on the notions of ownership, capabilities and realization to argue that truly inclusive social entrepreneurship operates according to local realities and individual capabilities of the disadvantaged communities.

Alongside inviting a re-thinking the ethics of current approaches to inclusive innovation, this perspective challenges the way we have framed and examined the field so far. If the search for perfect equality based on restoring market failures and circumventing institutions has been called into question as the focal point of social entrepreneurial activity, perhaps we need to reframe our inquiry in terms of the relationship between entrepreneurial organisations and inequality. This entails focusing on how and why social entrepreneurs support the flourishing of the disenfranchised, instead of focusing simply on the process that leads to creating new innovative business solutions for the poor.

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